

14V - DEBT PREPAYMENT

Operational Summary

Description:

To reduce the General Fund debt burden. As of June 30, 2005, there is \$876.5 million outstanding in General Fund debt, of this amount \$791.5 million is from the bankruptcy recovery and \$85.0 million for non-bankruptcy debt.

This fund was created by Board of Supervisors action on October 20, 1999 which transferred \$27.1 million from the Debt Repayment reserve to this new fund. Subsequently, the annual strategic financial plans, corresponding budgets and bankruptcy litigation settlements have added money to this fund.

Strategic Goals:

- To eliminate or reduce the debt service burden on the General Fund. Recent low interest rates have made early redemption of additional debt economically feasible.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The 2004 Strategic Financial Plan adopted by the Board on June 29, 2004 does not provide for adding additional monies to this fund. However, the Board of Supervisors did allocate \$3.7 million from the Yorba Linda Redevelopment settlement to this fund and additionally allocated \$18.3 million of

On April 19, 2005, the Board of Supervisors approved a financing concept for the restructuring and refinancing of the outstanding 1995 Refunding Recovery Bonds and the 1996 Recovery COPS. Work is in process with the aim that the bankruptcy debt restructuring and refinancing be completed in the last half of the 2005 calendar year.

At a Glance:

| | |
|------------------------------------------------------|-------------|
| Total FY 2004-2005 Actual Expenditure + Encumbrance: | 2,364 |
| Total Final FY 2005-2006 | 116,180,836 |
| Percent of County General Fund: | N/A |
| Total Employees: | .00 |

one time fund balance available bringing the total to \$116 million. The \$116 million in the fund will be used for the bankruptcy debt restructuring and refinancing described above. The financing concept is based on the analysis completed by Sperry Capital Inc. in April 2005.

Final Budget History:

| Sources and Uses | FY 2003-2004 | FY 2004-2005 | FY 2004-2005 | FY 2005-2006 | Change from FY 2004-2005 | |
|--------------------|----------------|-------------------------|------------------------------------------------|--------------|--------------------------|--------------|
| | Actual Exp/Rev | Budget As of 6/30/05 | Actual Exp/Rev ⁽¹⁾ As of 6/30/05 | Final Budget | Actual Amount | Percent |
| Total Revenues | 97,795,566 | 116,180,836 | 116,180,836 | 116,180,836 | 0 | 0.00 |
| Total Requirements | 0 | 116,180,836 | 2,365 | 116,180,836 | 116,178,471 | 4,913,323.04 |
| Balance | 97,795,566 | 0 | 116,178,472 | 0 | (116,178,472) | -100.00 |

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Debt Prepayment in the Appendix on page page 614

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Summary of Final Budget by Revenue and Expense Category:

| Revenues/Appropriations | FY 2003-2004 | | FY 2004-2005 | | FY 2004-2005 | | Change from FY 2004-2005 | |
|---------------------------|----------------|------------|---------------|-------------|-------------------------------|-------------|--------------------------|-----------------|
| | Actual Exp/Rev | | Budget | | Actual Exp/Rev ⁽¹⁾ | | Actual | |
| | | | As of 6/30/05 | | As of 6/30/05 | | Amount | Percent |
| Other Financing Sources | \$ | 3,861,436 | \$ | 18,385,270 | \$ | 18,385,270 | \$ | 0 |
| Total FBA | | 93,934,130 | | 97,795,566 | | 97,795,566 | | 116,180,836 |
| Total Revenues | | 97,795,566 | | 116,180,836 | | 116,180,836 | | 116,180,836 |
| Services & Supplies | | 0 | | 1,000,000 | | 2,365 | | 11,600,000 |
| Other Charges | | 0 | | 115,180,836 | | 0 | | 104,580,836 |
| Total Requirements | | 0 | | 116,180,836 | | 2,365 | | 116,180,836 |
| Balance | \$ | 97,795,566 | \$ | 0 | \$ | 116,178,472 | \$ | 0 |
| | | | | | | | | \$(116,178,472) |
| | | | | | | | | -100.00% |

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.